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United States Senate

WASHINGTON, DC 20510-3202

July 30, 1993

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Congressional Liaison
Federal Communications Commission
2025 M Street, NW
Room 6202
Washington, D.C. 20554

RECEIVED

AUG 20 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dear Director:

92-266

Because of the desire of this office to be responsive to all inquiries and communications, your consideration of the attached is requested.

PLEASE TRY TO RESPOND WITHIN 4 WEEKS OF YOUR RECEIPT OF THIS REQUEST. YOUR FINDINGS AND VIEWS, IN DUPLICATE, ALONG WITH RETURN OF THIS MEMO PLUS ENCLOSURE, WILL BE APPRECIATED.

Many thanks.

Sincerely,

Alfonse D'Amato

Alfonse M. D'Amato
United States Senator

AD:amr

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COMMUNICATIONS OF WILLSBORO

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AUG 20 1993

July 21, 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

The Honorable James H. Quello
Chairman
Federal Communications Commission
1919 M Street N.W. Room 802
Washington, D.C. 20554

Dear Chairman Quello,

I understand that you would like specific examples of how the present regulations that will go into effect this fall will affect small, rural density cable systems (under 1000 subscribers)

My Mom, Dad and I operate such a system. There are approximately 450 subscribers spread out over 30 miles of cable plant. This yields 15 subscribers per mile. This is less than half the average of 37.75 subs/mile that is in the F.C.C. database.

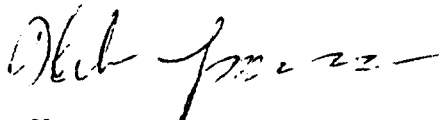
On a per subscriber basis, it is much more expensive to build, operate and maintain a low density system. Operating costs are higher in terms of electricity, various land school taxes and pole rental charges on a per subscriber basis. We rent 1.5 poles for each subscriber!! Our cost per subscriber for pole rental is \$13.90 per sub per year. Compare this with a suburban, densely populated area that has 4 subscribers per pole. Based on the same pole rental rates, their pole rental per subscriber is \$2.32! The higher cost of providing service in a small rural cable system begins at the headend where we must receive and process the signals, just like the larger systems do. The difference is that we have 450 subscribers to spread that our over versus a suburban system of perhaps 80,000 subscribers. Our costs for obtaining the exact same programming as the larger systems is at least 20% higher than a large cable system. We pay more even though it costs no more for ESPN or CNN to provide programming to us than does to larger systems. In addition, it is not cost effective for small systems to insert local advertising on the cable channels, another source of revenue for the large systems.

In conclusion, all these factors work against the small cable system operator. The present benchmark method of determining rates does not take these factors into account and puts us at a disadvantage. We have been providing cable service to a previously unserved area for 5 years. For four of those years, I took no salary as we continued to buy equipment and extend the cable service to less dense areas. We did large portions of the work ourselves to keep the costs down. Today Mom and Dad still work for zero salary.

We are going to find it very difficult to extend the cable service into new area's and to maintain the channel variety and service standards in the existing plant under the present benchmark rates.

Please consider small system operation in your review of rate regulation and the other aspects of the 1992 Cable Act.

Sincerely,

A handwritten signature in cursive script, appearing to read "Herb Longware", with a horizontal line extending from the end of the signature.

Herb Longware

slf/